

FIRST-HALF 2017 RESULTS

SOLID ORGANIC GROWTH MOMENTUM: +4.3%¹ PERFORMANCES DRIVEN BY LUXURY AND THE NEW MARKETS SIGNIFICANT INCREASE IN PROFITS

- **Sales: 13.4 billion euros**
 - +4.3% like-for-like¹
 - +4.0% based on reported figures²
- As of 30 June 2017, The Body Shop is accounted for a business held for sale.³
- **Strong double-digit growth for L'Oréal Luxe**
- **Sustained growth in New Markets and leadership position strengthened in Western Europe**
- **Operating profit up +7.1%**

Commenting on these figures, Mr Jean-Paul Agon, Chairman and Chief Executive Officer of L'Oréal, said:

"In a beauty market which, as in the first quarter, turned out to be highly contrasted and atypical, the Group has continued to expand, with solid organic growth and differentiated performances across the Divisions. L'Oréal Luxe delivered excellent double-digit growth, substantially outperforming its market. The Consumer Products Division is improving its growth, but is being held back by slowdowns in certain markets worldwide: the United States, Brazil, India and the Middle East. The Active Cosmetics Division accelerated significantly in the second quarter, and sales in the Professional Products Division, although still sluggish, are gradually improving.

Across the geographic Zones, Western Europe remains dynamic despite persistent difficulties in the French market, and the New Markets as a whole are posting sustained growth, thanks to the strong contribution of Asia Pacific and solid sales in Eastern Europe.

The Group's digital breakthrough is continuing, particularly in e-commerce⁴, which posted +29.5% growth in the first half and represents 7.0% of total sales.

The Group's results are up significantly across the board: operating profit, earnings per share and cash flow. Results by Division are differentiated, logically reflecting the highly contrasted sales in the first half, and our choice to continue investing regularly in each Division so as to build up our positions. Over the full year, the sale of The Body Shop³, and the accretive effect this has on profitability, mean that we will be able to strongly increase our profitability, which for the first time could reach 18% of sales, and also to take the opportunity to strengthen our business drivers in order to accelerate our market share gains and thus our future growth.

This strategic choice, combined with the good first-half results, strengthens our confidence in our ability to once again outperform the cosmetics market in 2017, and to achieve growth in both our sales and profits."

¹ Like-for-like: based on a comparable structure and constant exchange rates, see details on page 2.

² In the second quarter of 2016 and the first half of 2016, reported Group sales included The Body Shop sales in respective amounts of 198.5 million euros and 398.6 million euros.

³ The announcement, on 27 June 2017, of the signing of the contract for the sale of The Body Shop means that the IFRS 5 accounting rule applies to the discontinued operations at 30 June 2017. See the compared 2016 consolidated profit and loss accounts in the appendix.

⁴ Sales achieved on our brands' websites + estimated sales achieved by our brands corresponding to sales through our retailers' websites (non-audited data): like-for-like growth.

First-half 2017 sales

Like-for-like, i.e. based on a comparable structure and identical exchange rates, sales growth of the L'Oréal Group was +4.3%.

The net impact of changes in the scope of consolidation was -2.1%, corresponding to:

- +1.0% from acquisitions,
- -3.1% from the sale of The Body Shop.

Currency fluctuations had a positive impact of +1.8%. If the exchange rates at 30 June 2017, i.e. €1 = \$1.1425, are extrapolated until 31 December 2017, the impact of currency fluctuations on sales would be approximately -0.4% for the whole of 2017.

Based on reported figures, the Group's sales at 30 June 2017 amounted to 13.4 billion euros, up by +4.0%.

Sales by operational Division and geographic Zone

The announcement, on 27 June 2017, of the signing of the contract for the sale of The Body Shop, means that the IFRS 5 accounting rule applies to the discontinued operations at 30 June 2017.

	2 nd quarter 2017			1 st half 2017		
	€m	Growth		€m	Growth	
		Like-for-like	Reported		Like-for-like	Reported
<u>By operational Division</u>						
Professional Products	881.1	+0.3%	+1.3%	1,739.3	-0.7%	+0.9%
Consumer Products	3,160.0	+2.4%	+3.6%	6,389.3	+1.9%	+3.8%
L'Oréal Luxe	1,991.4	+8.9%	+12.9%	4,148.5	+10.5%	+15.4%
Active Cosmetics	531.7	+6.7%	+15.4%	1,134.9	+4.6%	+11.1%
Operational Divisions total	6,564.2	+4.3%	+6.8%	13,411.9	+4.3%	+7.3%
<u>By geographic Zone</u>						
Western Europe ⁵	2,066.1	+3.1%	+1.7%	4,202.8	+3.0%	+1.6%
North America	1,907.8	+2.4%	+9.4%	3,824.8	+3.1%	+10.5%
New Markets, of which:	2,590.2	+6.9%	+9.4%	5,384.4	+6.2%	+9.9%
- Asia, Pacific ⁵	1,463.9	+9.2%	+10.0%	3,135.4	+8.1%	+9.4%
- Latin America	510.3	+7.1%	+12.3%	985.1	+5.9%	+14.1%
- Eastern Europe	427.1	+6.0%	+11.5%	908.5	+9.4%	+17.4%
- Africa, Middle East	188.9	-7.6%	-5.5%	355.4	-13.2%	-10.9%
Operational Divisions total	6,564.2	+4.3%	+6.8%	13,411.9	+4.3%	+7.3%
Group total	6,564.2	+4.3%	+3.5%	13,411.9	+4.3%	+4.0%

In the second quarter of 2016 and the first half of 2016, reported Group sales included The Body Shop sales in respective amounts of 198.5 million euros and 398.6 million euros.

⁵ As of 1 July 2016, the Asian Travel Retail business of the Consumer Products Division, previously recorded under the Western Europe Zone, was transferred to the Asia, Pacific Zone. All figures for earlier periods have been restated to allow for this change.

PROFESSIONAL PRODUCTS

At the end of June, the Professional Products Division posted -0.7% like-for-like and +0.9% based on reported figures.

Growth has improved slightly, driven by Eastern Europe and Latin America.

Hair colour has benefited from the launch of *Colorfulhair* at *L'Oréal Professionnel* and the solid performance of *Shades EQ* at *Redken*. In haircare, the natural lines *Aura Botanica* by *Kérastase* and *Biologie R.A.W.* by *Matrix* are maintaining their positive momentum, while the roll-out of new "bonder⁶" services is continuing.

CONSUMER PRODUCTS

In the second quarter, the Division posted growth of +2.4% like-for-like. It ended the first half at +1.9% like-for-like, and +3.8% based on reported figures.

In a market affected by a clear growth slowdown in the United States, the Division is continuing to win market share in several regions of the world, especially in Western Europe.

Make-up remains dynamic, thanks to the success of *Infallible Total Cover* foundation by *L'Oréal Paris*, *Colossal Big Shot* mascara by *Maybelline*, and *NYX Professional Makeup*. Hair colour growth is continuing, reflecting the very strong start made by *Colorista* at *L'Oréal Paris*, which is reinventing hair colour for Millennials⁷. Facial skincare is accelerating, thanks to *Hydra Genius* by *L'Oréal Paris*, which takes its inspiration from Asia's liquid moisturisers, and the ongoing success of *Micellar Cleansing Waters* by *Garnier*.

The dynamism of new retail channels such as e-commerce is continuing, opening up new growth opportunities.

L'ORÉAL LUXE

L'Oréal Luxe is confirming its excellent start to the year, driven by make-up and facial skincare, and has posted first-half growth of +10.5% like-for-like and +15.4% based on reported figures.

Lancôme, besides the successful launch of *Monsieur Big* mascara, is adding to its successes in lip make-up with *L'Absolu Rouge* and the recent launch of *Matte Shaker*. *Lancôme* anti-ageing is growing thanks to its iconic lines *Génifique*, *Absolue* and *Rénergie*. *Yves Saint Laurent* is expanding, especially in make-up with *Volupté Tint-in-Balm*, the extension of the *Vernis à Lèvres* lip make-up range, and the phenomenal *Cushion Encre de Peau* foundation, and in fragrances with the women's perfume *Mon Paris*. *Giorgio Armani* is accelerating its growth, and launching the *Emporio Armani* fragrance duo. *Kiehl's*, which is posting double-digit growth, is driven by its *Calendula* line. The recently acquired brands *IT Cosmetics* and *Atelier Cologne* are growing rapidly.

The Division is enjoying strong growth in the Asia Pacific Zone, driven by the rebound in China, where its brands are firmly established. It recorded a good first half in Western Europe, especially in Great Britain and Spain. Growth is solid in North America and accelerating in Latin America. L'Oréal Luxe has posted double-digit growth in Travel Retail, and is continuing to forge ahead in e-commerce.

ACTIVE COSMETICS

At the end of June, the Active Cosmetics Division accelerated at +11.1% based on reported figures and +4.6% like-for-like.

Growth at *La Roche-Posay* is still very dynamic, thanks to the success of its sun protection campaign and the good performances of its franchises *Effaclar*, *Lipikar* and *Cicaplast*. *Vichy* has launched *Minéral 89*, its new everyday fortifying repulp booster, with highly promising results a few weeks after launch. *SkinCeuticals* is continuing to post double-digit growth, with outstanding performances in China, the United Kingdom, France, Russia and Brazil.

North America is the number one contributor to the Division's growth, reflecting the successful integration of *CeraVe* into the Division's portfolio, and the dynamism of the *SkinCeuticals* and *La Roche-Posay* brands.

⁶ A formula that protects keratin bonds inside the hair fibre.

⁷ Generation born between 1980 and 2000.

Summary by geographic Zone

WESTERN EUROPE

Western Europe posted growth of +3.0% like-for-like and +1.6% based on reported figures. Growth is particularly sustained in the United Kingdom, Germany and Spain, but sales in France are still being held back by the difficult market conditions. The Consumer Products and L'Oréal Luxe Divisions are outperforming their respective markets.

NORTH AMERICA

The Zone recorded growth of +3.1% like-for-like and +10.5% based on reported figures. In a mass market sector that has slowed very substantially in the United States, the Consumer Products Division is winning market share in make-up, hair colour and facial cleansing, with key launches in make-up removers at *L'Oréal Paris* and *Garnier* and the continuing success of *NYX Professional Makeup*. At L'Oréal Luxe, *IT Cosmetics* and *Yves Saint Laurent* perfumes are posting double-digit growth. The Active Cosmetics Division is also recording double-digit growth, driven by *La Roche-Posay*, *SkinCeuticals* and the recent acquisition of *CeraVe*.

NEW MARKETS

Asia, Pacific: growth in this Zone amounted to +8.1% like-for-like and +9.4% based on reported figures. In Northern Asia, particularly China and Hong Kong, L'Oréal Luxe is growing strongly, thanks to the brands *Lancôme*, *Yves Saint Laurent* and *Giorgio Armani*. In Southern Asia, growth remains strong across all Divisions, especially in Thailand and Indonesia. In India, sales are being held back by retailer destocking just ahead of the introduction of GST (Goods & Services Tax).

Latin America: the Zone recorded growth of +5.9% like-for-like and +14.1% based on reported figures. Growth is particularly strong in Mexico and Argentina. The Brazilian market is still proving difficult. The make-up brands *NYX Professional Makeup*, *Lancôme* and *Urban Decay* are winning market share. The Active Cosmetics Division accelerated in the second quarter in a dynamic market.

Eastern Europe: growth in this Zone came out at +9.4% like-for-like and +17.4% based on reported figures. Turkey and Central Europe are posting good growth, with market share gains for most of the Divisions. Russia is slowing, reflecting the trend in its market, with growth at a lower level than last year.

Africa, Middle East: sales were down by -13.2% like-for-like and -10.9% based on reported figures. In Saudi Arabia, where the market is still very difficult, the situation of our businesses is gradually improving. The dynamism in Egypt is continuing.

Important events during the period 1/4/17 to 30/6/17

- On 20 April 2017, the Annual General Meeting of L'Oréal appointed Mr Paul Bulcke as a Director, and renewed the tenure as Directors of Mrs Françoise Bettencourt Meyers and Mrs Virginie Morgon. Furthermore, the Annual General Meeting decided on the distribution of a dividend of €3.30 per share, with a payment date of 3 May 2017.
- The Board of Directors' meeting, held at the close of the Annual General Meeting, decided, pursuant to the authorisation voted by the Annual General Meeting on 20 April 2016, on the cancellation of 2,846,604 L'Oréal shares acquired within the scope of the share buyback programme decided by the Board of Directors on 9 February 2017. The shares were cancelled on 31 May 2017. The share capital of L'Oréal at 30 June 2017 amounts to 111,993,452 euros, divided into 559,967,260 shares, each with a par value of 0.2 euro.
- On 20 April 2017, L'Oréal announced the appointment of Mr Nicolas Hieronimus as Deputy CEO, in charge of Divisions. Mr Nicolas Hieronimus will also continue in his role as President of the L'Oréal Luxe Division.
- On 2 May 2017, L'Oréal USA announced the acquisition of key assets from Four Star Salon Services, a full-service wholesale distributor of products to hair salons in New York, New Jersey and Connecticut. This acquisition will provide SalonCentric with expanded distribution coverage in the United States.
- On 9 June 2017, L'Oréal announced that it had received a firm offer from Natura Cosmetics SA to acquire The Body Shop and had entered into exclusive discussions. The offer values The Body Shop at an enterprise value of 1.0 billion euros and, after consultation with the Employee Representative Bodies, remains subject to regulatory approval, notably in Brazil and in the United States.
- On 27 June 2017, L'Oréal announced the signing of the contract for the sale of The Body Shop to Natura. The proposed sale remains subject to clearance by anti-trust authorities, notably in Brazil and in the United States.

First-half 2017 results

The limited review procedures of the half-year consolidated accounts have been completed. The limited review report is being prepared by the Statutory Auditors.

Operating profitability at 18.9% of sales

Consolidated profit and loss account: from sales to operating profit.

The announcement, on 27 June 2017, of the signing of the contract for the sale of The Body Shop, means that the IFRS 5 accounting rule applies to the discontinued operations at 30 June 2017. See the compared 2016 consolidated profit and loss accounts in the appendix.

<i>In € million</i>	30/06/16 Reported ²	As % of sales	31/12/16 Reported ²	As % of sales	30/06/17	As % of sales	Change H1-2017 vs. H1-2016
Sales	12,894.6	100.0%	25,837.1	100.0%	13,411.9	100.0%	+4.0%
<i>Cost of sales</i>	<i>-3,561.2</i>	<i>27.6%</i>	<i>-7,341.7</i>	<i>28.4%</i>	<i>-3,780.5</i>	<i>28.2%</i>	
Gross profit	9,333.4	72.4%	18,495.4	71.6%	9,631.4	71.8%	+3.2%
<i>R&D expenses</i>	<i>-414.2</i>	<i>3.2%</i>	<i>-849.8</i>	<i>3.3%</i>	<i>-425.1</i>	<i>3.2%</i>	
<i>Advertising and promotion expenses</i>	<i>-3,790.9</i>	<i>29.4%</i>	<i>-7,498.7</i>	<i>29.0%</i>	<i>-3,913.5</i>	<i>29.2%</i>	
<i>Selling, general and administrative expenses</i>	<i>-2,764.7</i>	<i>21.4%</i>	<i>-5,607.0</i>	<i>21.7%</i>	<i>-2,762.4</i>	<i>20.6%</i>	
Operating profit	2,363.6	18.3%	4,539.9	17.6%	2,530.4	18.9%	+7.1%

Gross profit, at 9,631 million euros, has come out at 71.8% of sales, representing a 60-basis-point decline due to the exchange rate impact in the first half.

Research and Development expenses, at 425 million euros, have risen by +2.6%. Their relative level is stable at 3.2% of sales.

Advertising and promotion expenses have come out at 29.2% of sales, a level slightly below that of the first half of 2016.

Selling, general and administrative expenses, at 20.6% of sales, decreased significantly by 80 basis points compared with the first half of 2016, mainly due to the impact of the sale of The Body Shop.

Overall, **operating profit**, at 2,530 million euros, is up by 60 basis points and amounted to 18.9% of sales.

Operating profit by operational Division

The announcement, on 27 June 2017, of the signing of the contract for the sale of The Body Shop, means that the IFRS 5 accounting rule applies to the discontinued operations at 30 June 2017. See the compared 2016 consolidated profit and loss accounts in the appendix.

	30/06/16 - Reported		31/12/16 - Reported		30/06/17	
	€m	% of sales	€m	% of sales	€m	% of sales
By operational Division						
Professional Products	338.2	19.6%	688.6	20.3%	319.9	18.4%
Consumer Products	1,306.8	21.2%	2,417.1	20.2%	1,267.5	19.8%
L'Oréal Luxe	767.3	21.3%	1,622.8	21.2%	970.2	23.4%
Active Cosmetics	283.3	27.7%	431.5	23.2%	303.5	26.7%
Total Divisions before non-allocated	2,695.5	21.6%	5,160.0	20.7%	2,861.1	21.3%
<i>Non-allocated⁸</i>	<i>-309.8</i>	<i>-2.5%</i>	<i>-653.9</i>	<i>-2.6%</i>	<i>-330.7</i>	<i>-2.5%</i>
Total Divisions after non-allocated	2,385.7	19.1%	4,506.1	18.1%	2,530.4	18.9%
The Body Shop	-22.2	-5.6%	33.8	3.7%		
Group	2,363.6	18.3%	4,539.9	17.6%	2,530.4	18.9%

The L'Oréal Group is managed on an annual basis. This means that half-year operating profits cannot be extrapolated for the whole year.

The profitability of the **Professional Products Division** declined from 19.6% to 18.4%.

The **Consumer Products Division's** profitability decreased from 21.2% to 19.8%.

L'Oréal Luxe experienced a very strong improvement in its profitability, with an increase from 21.3% to 23.4%, i.e. +210 basis points.

The **Active Cosmetics Division** remains at a very high profitability level at 26.7%, compared with 27.7% in the first half of 2016.

⁸ Non-allocated expenses = Central Group expenses, fundamental research expenses, stock options and free grant of shares expenses and miscellaneous items. As a % of total Divisions sales.

Net profit excluding non-recurring items

Consolidated profit and loss account: from operating profit to net profit excluding non-recurring items.

The announcement, on 27 June 2017, of the signing of the contract for the sale of The Body Shop, means that the IFRS 5 accounting rule applies to the discontinued operations at 30 June 2017. See the compared 2016 consolidated profit and loss accounts in the appendix.

<i>In € million</i>	30/06/16 Reported	31/12/16 Reported	30/06/17	Change H1-2017 vs. H1-2016
Operating profit	2,363.6	4,539.9	2,530.4	+7.1%
<i>Financial revenues and expenses excluding dividends received</i>	1.8	-19.3	-9.9	
Sanofi dividends	346.5	346.5	350.0	
Profit before tax and associates excluding non-recurring items	2,711.9	4,867.1	2,870.5	+5.8%
<i>Income tax excluding non-recurring items</i>	-684.1	-1,216.8	-687.5	
<i>Net profit excluding non-recurring items of equity consolidated companies</i>	-0.1	-0.1	-	
<i>Non-controlling interests</i>	-2.4	-3.0	2.8	
Net profit excluding non-recurring items, after non-controlling interests ⁹	2,025.4	3,647.2	2,185.8	+7.9%
EPS ¹⁰ (€)	3.59 ¹¹	6.46 ¹¹	3.88 ¹²	
Diluted average number of shares	564,258,226	564,509,135	563,423,701	

Overall finance costs were close to 10 million euros.

Sanofi dividends amounted to 350 million euros.

Income tax excluding non-recurring items amounted to 687 million euros, i.e. a tax rate of 24.0% slightly below that of the first half of 2016, which was 25.2%.

Net profit of continuing operations excluding non-recurring items came out at 2,185 million euros, an increase of +7.9% compared with reported net profit excluding non-recurring items at 30 June 2016.

Earnings per share, at 3.88 euros, has risen by +8.1% compared with the first half of 2016.

⁹ Net profit excluding non-recurring items after non-controlling interests, does not include capital gains and losses on disposals of long-term assets, impairment of assets, restructuring costs, tax effects and non-controlling interests. At 30 June 2017, net profit excluding non-recurring items of continuing operations.

¹⁰ Diluted earnings per share, excluding non-recurring items, after non-controlling interests.

¹¹ Reported for the first half of 2016 and for the full-year 2016.

¹² Diluted net profit per share of continuing operations, excluding non-recurring items, after non-controlling interests.

Net profit

Consolidated profit and loss account: from net profit excluding non-recurring items to net profit.

The announcement, on 27 June 2017, of the signing of the contract for the sale of The Body Shop, means that the IFRS 5 accounting rule applies to the discontinued operations at 30 June 2017. See the compared 2016 consolidated profit and loss accounts in the appendix.

<i>In € million</i>	30/06/16 Reported	31/12/16 Reported	30/06/17	Change H1- 2017 vs. H1- 2016
Net profit excluding non-recurring items, after non-controlling interests ⁹	2,025.4	3,647.2	2,185.8	+7.9%
Non-recurring items	-545.9	-541.5	-119.1	
Of which:				
- <i>other income and expenses</i>	-522.3	-543.7	-96.2	
- <i>tax effect</i>	-23.6	+2.2	-22.8	
Impact of applying the IFRS 5 accounting rule relating to discontinued operations on net profit after non-controlling interests			-29.1	
Net profit after non-controlling interests	1,479.5	3,105.8	2,037.5	+37.7%

After having taken into account the non-recurring items and the impact of the IFRS 5 accounting rule with regards to The Body Shop, **net profit after non-controlling interests** amounted to 2,037 million euros, a strong increase of +37.7% compared to the first half of 2016.

Operating cash flow and balance sheet

Gross cash flow amounted to 2,634 million euros, up by +6.8% compared with the first half of 2016.

The **change in working capital** amounted to 362 million euros. As in the first half every year, it increased slightly, particularly because of the impact of the seasonality of part of our business on trade receivables.

Investments, at 641 million euros, represented 4.8% of sales.

Operating cash flow, at 1,629 million euros, increased significantly by +23%.

After payment of the dividend, share buybacks and the acquisition of CeraVe in the United States, the **residual cash flow** has come out at -1,954 million euros.

At 30 June 2017, **net debt** amounted to 1,492 million euros, compared with a debt of 344 million euros at 30 June 2016.

"This news release does not constitute an offer to sell, or a solicitation of an offer to buy L'Oréal shares. If you wish to obtain more comprehensive information about L'Oréal, please refer to the public documents registered in France with the Autorité des Marchés Financiers, also available in English on our Internet site www.loreal-finance.com.

This news release may contain some forward-looking statements. Although the Company considers that these statements are based on reasonable hypotheses at the date of publication of this release, they are by their nature subject to risks and uncertainties which could cause actual results to differ materially from those indicated or projected in these statements."

This a free translation into English of the First-half 2017 results news release issued in the French language and is provided solely for the convenience of English-speaking readers. In case of discrepancy, the French version prevails.

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Appendices

Appendix 1: L'Oréal Group sales 2016/2017 (€ million)

	2016 ¹³	2017 ¹⁴
<u>First quarter:</u>		
Operational Divisions	6,352.4	6,847.8
The Body Shop	200.1	197.2
First quarter total	6,552.4	7,045.0
<u>Second quarter:</u>		
Operational Divisions	6,143.6	6,564.2
The Body Shop	198.5	
Second quarter total	6,342.2	6,564.2
<u>First half:</u>		
Operational Divisions	12,496.0	13,411.9
The Body Shop	398.6	
First half total	12,894.6	13,411.9
<u>Third quarter:</u>		
Operational Divisions	5,952.2	
The Body Shop	200.9	
Third quarter total	6,153.2	
<u>Nine months:</u>		
Operational Divisions	18,448.2	
The Body Shop	599.5	
Nine months total	19,047.8	
<u>Fourth quarter:</u>		
Operational Divisions	6,468.1	
The Body Shop	321.3	
Fourth quarter total	6,789.3	
<u>Full year:</u>		
Operational Divisions	24,916.3	
The Body Shop	920.8	
Full year total	25,837.1	

¹³ In the second quarter of 2016 and the first half of 2016, reported Group sales included The Body Shop sales in respective amounts of 198.5 million euros and 398.6 million euros.

¹⁴ In the first quarter 2017, reported Group sales included The Body Shop sales, which amounted to 197.2 million euros.

Appendix 2: compared consolidated income statements

€ millions	1 st half 2017	1 st half 2016 ⁽¹⁾	2016 ⁽¹⁾	REMINDER * 2016 Published data	
				1 st half 2016	2016
Net sales	13,411.9	12,496.0	24,916.3	12,894.6	25,837.1
Cost of sales	-3,780.5	-3,447.7	-7,068.6	-3,561.2	-7,341.7
Gross profit	9,631.4	9,048.3	17,847.7	9,333.4	18,495.4
Research and development	-425.1	-409.7	-841.2	-414.2	-849.8
Advertising and promotion	-3,913.5	-3,677.8	-7,264.4	-3,790.9	-7,498.7
Selling, general and administrative expenses	-2,762.4	-2,575.1	-5,236.0	-2,764.7	-5,607.0
Operating profit	2,530.4	2,385.7	4,506.1	2,363.6	4,539.9
Other income and expenses	-96.2	-522.0	-541.3	-522.5	-543.8
Operational profit	2,434.2	1,863.7	3,964.8	1,841.1	3,996.1
Finance costs on gross debt	-18.1	-4.7	-27.4	-6.5	-32.6
Finance income on cash and cash equivalents	21.3	22.0	39.0	22.0	39.1
Finance costs, net	3.2	17.3	11.6	15.5	6.5
Other financial income (expenses)	-13.1	-13.6	-25.8	-13.7	-25.8
Sanofi dividends	350.0	346.5	346.5	346.5	346.5
Profit before tax and associates	2,774.3	2,213.9	4,297.1	2,189.4	4,323.4
Income tax	-710.3	-710.7	-1,213.7	-707.6	-1,214.6
Share of profit in associates	-0.2	0.0	-0.1	-	-0.1
Net profit from continuing operations	2,063.8	1,503.1	3,083.4	1,481.8	3,108.7
Net profit from discontinued operations	-29.1	-21.4	25.3	-	-
Net profit	2,034.7	1,481.8	3,108.7	1,481.8	3,108.7
Attributable to:					
♦ owners of the company	2,037.5	1,479.5	3,105.8	1,479.5	3,105.8
♦ non-controlling interests	-2.8	2.3	2.9	2.3	2.9
Earnings per share attributable to owners of the company (euros)	3.65	2.65	5.55	2.65	5.55
Diluted earnings per share attributable to owners of the company (euros)	3.62	2.62	5.50	2.62	5.50
Earnings per share of continuing operations attributable to owners of the company (euros)	3.70	2.69	5.51	2.65	5.55
Diluted earnings per share of continuing operations attributable to owners of the company (euros)	3.67	2.66	5.46	2.62	5.50
Earnings per share of continuing operations attributable to owners of the company, excluding non-recurring items (euros)	3.91	3.66	6.47	3.62	6.52
Diluted earnings per share of continuing operations attributable to owners of the company, excluding non-recurring items (euros)	3.88	3.63	6.41	3.59	6.46

(1) The consolidated income statements for the year ended December 31st, 2016 and for the six months ended June 30th, 2016 are presented to reflect the impacts of IFRS 5 regarding discontinued operations.

* For consistency with the financial information provided outside of the financial statements, we believed it useful to show the Group's financial performance when The Body Shop was an integral part of its continuing operations.

Appendix 3: consolidated statement of comprehensive income

€ millions	1 st half 2017	1 st half 2016	2016
Consolidated net profit for the period	2,034.7	1,481.8	3,108.7
<i>Financial assets available-for-sale</i>	811.0	-435.1	-201.0
<i>Cash flow hedges</i>	83.6	-96.8	-124.0
<i>Cumulative translation adjustments</i>	-653.4	-188.7	19.6
<i>Income tax on items that may be reclassified to profit or loss ⁽¹⁾</i>	-57.8	50.3	86.3
Items that may be reclassified to profit or loss	183.4	-670.3	-219.1
<i>Actuarial gains and losses</i>	139.6	-514.1	-1.3
<i>Income tax on items that may not be reclassified to profit or loss ^{(1) (2)}</i>	-40.4	164.1	-39.3
Items that may not be reclassified to profit or loss	99.2	-350.0	-40.6
Other comprehensive income	282.6	-1,020.3	-259.7
Consolidated comprehensive income	2,317.2	461.5	2,849.0
Attributable to:			
♦ owners of the company	2,319.6	458.7	2,845.6
♦ non-controlling interests	-2.4	2.8	3.4

(1) The tax effect is as follows

€ millions	1 st half 2017	1 st half 2016	2016
<i>Financial assets available-for-sale</i>	-28.1	18.0	41.7
<i>Cash flow hedges</i>	-29.7	32.3	44.6
Items that may be reclassified to profit or loss	-57.8	50.3	86.3
<i>Actuarial gains and losses</i>	-40.4	164.1	-39.3
Items that may not be reclassified to profit or loss	-40.4	164.1	-39.3
TOTAL	-98.2	214.4	47.0

(2) Including €19.7 million at December 31st, 2016, arising on the remeasurement of deferred tax in France further to the planned change in the tax rate by 2020.

Appendix 4: compared consolidated balance sheets

| ASSETS

€ millions	06.30.2017	06.30.2016	12.31.2016
Non-current assets	26,010.1	23,788.6	25,584.6
Goodwill	9,064.4	7,721.8	8,792.5
Other intangible assets	2,694.4	2,819.9	3,179.4
Property, plant and equipment	3,591.8	3,484.4	3,756.9
Non-current financial assets	10,128.4	9,024.5	9,306.5
Investments in associates	1.0	0.9	1.0
Deferred tax assets	530.1	737.1	548.3
Current assets	11,271.8	9,609.6	10,045.6
<i>Current assets excluding assets held for sale</i>	<i>9,994.6</i>	<i>9,609.6</i>	<i>10,045.6</i>
Inventories	2,638.4	2,640.1	2,698.6
Trade accounts receivable	4,237.8	4,091.0	3,941.8
Other current assets	1,381.5	1,447.9	1,420.4
Current tax assets	50.9	89.5	238.8
Cash and cash equivalents	1,686.0	1,341.1	1,746.0
<i>Assets held for sale</i>	<i>1,277.2</i>	<i>-</i>	<i>-</i>
TOTAL	37,281.9	33,398.2	35,630.2

| EQUITY & LIABILITIES

€ millions	06.30.2017	06.30.2016	12.31.2016
Equity	24,594.5	21,983.0	24,504.0
Share capital	112.0	112.2	112.4
Additional paid-in capital	2,889.4	2,743.6	2,817.3
Other reserves	14,684.8	13,891.1	13,951.6
Other comprehensive income	5,173.3	3,685.8	4,237.6
Cumulative translation adjustments	-242.7	202.7	410.9
Treasury stock	-56.4	-133.7	-133.6
Net profit attributable to owners of the company	2,037.5	1,479.5	3,105.8
Equity attributable to owners of the company	24,597.9	21,981.2	24,501.9
Non-controlling interests	-3.4	1.8	2.1
Non-current liabilities	1,682.7	2,356.1	1,918.9
Provisions for employee retirement obligations and related benefits	544.4	1,254.9	711.8
Provisions for liabilities and charges	367.8	233.8	333.3
Deferred tax liabilities	756.0	835.1	842.9
Non-current borrowings and debt	14.5	32.3	30.9
Current liabilities	11,004.7	9,059.1	9,207.3
<i>Current liabilities excluding liabilities relating to assets held for sale</i>	<i>10,759.3</i>	<i>9,059.1</i>	<i>9,207.3</i>
Trade accounts payable	3,996.8	3,961.9	4,135.3
Provisions for liabilities and charges	816.5	774.1	810.7
Other current liabilities	2,543.9	2,500.2	2,854.4
Income tax	238.6	170.2	173.2
Current borrowings and debt	3,163.5	1,652.7	1,233.7
<i>Liabilities relating to assets held for sale</i>	<i>245.4</i>	<i>-</i>	<i>-</i>
TOTAL	37,281.9	33,398.2	35,630.2

Appendix 5: consolidated statements of changes in equity

€ millions	Common shares outstanding	Share capital	Additional paid-in capital	Retained earnings and net profit	Other comprehensive income	Treasury stock	Cumulative translation adjustments	Equity attributable to owners of the company	Non-controlling interests	Total equity
At 12.31.2015	559,988,178	112.6	2,654.4	16,170.8	4,517.5	-233.3	391.9	23,613.9	3.1	23,617.0
Consolidated net profit for the period				3,105.8				3,105.8	2.9	3,108.7
Financial assets available-for-sale					-159.3			-159.3		-159.3
Cash flow hedges					-79.3			-79.3	-0.1	-79.4
Cumulative translation adjustments							19.0	19.0	0.6	19.6
Other comprehensive income that may be reclassified to profit and loss					-238.6		19.0	-219.6	0.5	-219.1
Actuarial gains and losses					-40.6			-40.6		-40.6
Other comprehensive income that may not be reclassified to profit and loss					-40.6			-40.6	-	-40.6
Consolidated comprehensive income				3,105.8	-279.2		19.0	2,845.6	3.4	2,849.0
Capital increase	2,074,893	0.4	162.8					163.2		163.2
Cancellation of Treasury stock		-0.6		-498.9		499.5		-		-
Dividends paid (not paid on Treasury stock)				-1,741.9				-1,741.9	-3.4	-1,745.2
Share-based payment				120.4				120.4		120.4
Net changes in Treasury stock	-1,964,675			-99.3		-399.8		-499.1		-499.1
Purchase commitments for non-controlling interests								-	-0.1	-0.1
Changes in scope of consolidation				-0.8				-0.8	-0.9	-1.7
Other movements				1.2	-0.7			0.6	-0.1	0.5
At 12.31.2016	560,098,396	112.4	2,817.3	17,057.3	4,237.6	-133.6	410.9	24,501.9	2.1	24,504.0
Consolidated net profit for the period				2,037.5				2,037.5	-2.8	2,034.7
Financial assets available-for-sale					782.9			782.9		782.9
Cash flow hedges					53.6			53.6	0.3	53.9
Cumulative translation adjustments							-653.6	-653.6	0.2	-653.4
Other comprehensive income that may be reclassified to profit and loss					836.5		-653.6	182.9	0.5	183.4
Actuarial gains and losses					99.2			99.2		99.2
Other comprehensive income that may not be reclassified to profit and loss					99.2			99.2	-	99.2
Consolidated comprehensive income				2,037.5	935.7		-653.6	2,319.6	-2.4	2,317.2
Capital increase	958,123	0.2	72.1					72.3		72.3
Cancellation of Treasury stock		-0.6		-498.8		499.4		-		-
Dividends paid (not paid on Treasury stock)				-1,857.7				-1,857.7	-3.3	-1,861.0
Share-based payment				63.6				63.6		63.6
Net changes in Treasury stock	-1,860,384			-77.2		-422.2		-499.4		-499.4
Purchase commitments for non-controlling interests								-	0.2	0.2
Changes in scope of consolidation				-1.3				-1.3		-1.3
Other movements				-1.1				-1.1		-1.1
AT 06.30.2017	559,196,135	112.0	2,889.4	16,722.3	5,173.3	-56.4	-242.7	24,597.9	-3.4	24,594.5

| CHANGES IN FIRST-HALF 2016

€ millions	Common shares outstanding	Share capital	Additional paid-in capital	Retained earnings and net profit	Other comprehensive income	Treasury stock	Cumulative translation adjustments	Equity attributable to owners of the company	Non-controlling interests	Total equity
At 12.31.2015	559,988,178	112.6	2,654.4	16,170.8	4,517.5	-233.3	391.9	23,613.9	3.1	23,617.0
Consolidated net profit for the period				1,479.5				1,479.5	2.3	1,481.8
Financial assets available-for-sale					-417.1			-417.1		-417.1
Cash flow hedges					-64.5			-64.5	-	-64.5
Cumulative translation adjustments							-189.2	-189.2	0.5	-188.7
Other comprehensive income that may be reclassified to profit and loss					-481.6		-189.2	-670.8	0.5	-670.3
Actuarial gains and losses					-350.0			-350.0		-350.0
Other comprehensive income that may not be reclassified to profit and loss					-350.0			-350.0	-	-350.0
Consolidated comprehensive income				1,479.5	-831.6		-189.2	458.7	2.8	461.5
Capital increase	1,132,692	0.2	89.2					89.3		89.3
Cancellation of Treasury stock		-0.6		-498.9		499.5		-		-
Dividends paid (not paid on Treasury stock)				-1,741.9				-1,741.9	-3.3	-1,745.2
Share-based payment				61.2				61.2		61.2
Net changes in Treasury stock	-1,965,215			-99.2		-399.9		-499.1		-499.1
Purchase commitments for non-controlling interests								-	0.1	0.1
Changes in scope of consolidation				-1.1				-1.1	-0.9	-2.0
Other movements				0.2				0.2		0.2
AT 06.30.2016	559,155,655	112.2	2,743.6	15,370.6	3,685.8	-133.7	202.7	21,981.2	1.8	21,983.0

Appendix 6: compared consolidated statements of cash flows

€ millions	1 st half	1 st half	2016	REMINDER *	
	2017	2016 ⁽¹⁾	2016 ⁽¹⁾	2016 Published data 1 st half 2016	2016
Cash flows from operating activities					
Net profit attributable to owners of the company	2,037.5	1,479.5	3,105.7	1,479.5	3,105.8
Non-controlling interests	-2.8	2.3	2.9	2.3	2.9
Elimination of expenses and income with no impact on cash flows or not from operating activities:					
♦ depreciation, amortisation and provisions	556.9	869.1	1,382.3	888.2	1,424.5
♦ changes in deferred taxes	-46.9	36.5	86.5	35.2	79.8
♦ share-based payment (including free shares)	61.1	61.2	120.4	61.2	120.4
♦ capital gains and losses on disposals of assets	-0.8	1.3	-16.2	1.3	-16.2
Net profit from discontinued operations	29.1	21.4	-25.3	-	-
Share of profit in associates net of dividends received	0.2	-	0.1	-	0.1
Gross cash flow	2,634.3	2,471.2	4,656.4	2,467.7	4,717.3
Changes in working capital	-362.8	-510.9	4.3	-545.6	-12.7
Net cash provided by discontinued operations activities	-24.9	-38.2	43.9	-	-
Net cash provided by operating activities (A)	2,246.6	1,922.1	4,704.7	1,922.1	4,704.6
Cash flows from investing activities					
Purchases of property, plant and equipment and intangible assets	-641.9	-574.5	-1,334.9	-596.7	-1,386.5
Disposals of property, plant and equipment and intangible assets	2.6	6.3	34.2	6.3	34.2
Changes in other financial assets (including investments in non-consolidated companies)	-18.0	-21.5	-42.9	-21.8	-42.9
Effect of changes in the scope of consolidation	-1,240.0	-20.7	-1,209.0	-20.7	-1,209.3
Net cash (used in) from investing activities from discontinued operations	-18.4	-22.5	-51.8	-	-
Net cash (used in) from investing activities (B)	-1,915.7	-632.9	-2,604.5	-632.9	-2,604.5
Cash flows from financing activities					
Dividends paid	-1,899.7	-1,796.6	-1,832.9	-1,796.6	-1,832.9
Capital increase of the parent company	72.3	89.4	163.2	89.4	163.2
Capital increase of subsidiaries	-	-	-	-	-
Disposal (acquisition) of Treasury stock	-499.4	-499.1	-499.1	-499.1	-499.1
Purchase of non-controlling interests	-1.9	-	-	-6.4	-6.1
Issuance (repayment) of short-term loans	1,980.1	846.3	446.0	897.5	449.8
Issuance of long-term borrowings	-	0.6	1.8	0.6	1.8
Repayment of long-term borrowings	-4.3	-3.7	-16.4	-4.2	-17.5
Net cash (used in) from financing activities from discontinued operations	35.2	44.3	-3.5	-	-
Net cash (used in) from financing activities (C)	-317.7	-1,318.8	-1,740.8	-1,318.8	-1,740.8
Net effect of changes in exchange rates and fair value (D)	-52.2	-29.1	-13.1	-29.1	-13.1
Change in cash and cash equivalents (A+B+C+D)	-39.0	-58.7	346.3	-58.7	346.2
Cash and cash equivalents at beginning of the period (E)	1,746.0	1,399.8	1,399.8	1,399.8	1,399.8
Net effect of changes in cash and cash equivalents of discontinued operations (F)	-21.0	-	-	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E+F)	1,686.0	1,341.1	1,746.0	1,341.1	1,746.0

(1) The consolidated statement of cash flows for the year ended December 31st, 2016 and for the six months ended June 30th, 2016 are presented to reflect the impacts of IFRS 5 regarding discontinued operations.

* For consistency with the financial information provided outside of the financial statements, we believed it useful to show the Group's financial performance when The Body Shop was an integral part of its continuing operations.